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SUBJECT: COSTA RICAN PROSECUTOR READY TO INDICT FORMER
PRESIDENT CALDERON

¶1. (SBU) SUMMARY: The Costa Rican federal prosecutor's office is finally ready to indict former president Rafael Angel Calderon (PUSC) for corruption allegations stemming from a 2001 loan from the government of Finland to the Costa Rican social security fund (INSS). If convicted, he could face up to 12 years in prison. Calderon welcomed the chance to present his defense, confident that the charges would be dropped. The once-popular Calderon is mulling over another run for the presidency in 2010 and needs to get this incident behind him. Recent polls give him a 60% disapproval rating, but a positive outcome in court could help him regain support and would buttress his claim that the charges against him are political. Costa Rica needs to get this languishing case behind it as well, to show that the judicial system can act on corruption allegations. END SUMMARY.

CALDERON TO GET HIS DAY IN COURT

¶2. (U) On March 16, the Costa Rican federal prosecutor's office announced that it was ready to file a criminal court indictment against former president Rafael Angel Calderon. Calderon, founder of the Christian Social Unity Party (PUSC) and president from 1990-94, was arrested in October 2004 for his alleged involvement in a corruption scandal. He will be charged with embezzlement, bribery, and aggravated corruption for allegedly accepting a USD 450,000 "commission" after he promoted a USD 39.5 million loan from the government of Finland to INSS in 2001. If a criminal judge approves the indictment after a preliminary hearing (not yet scheduled), Calderon would stand trial. If found guilty, Calderon faces a 3-12 year sentence.

¶3. (U) After his arrest in October 2004, Calderon spent six months in preventive detention followed by another six months under house arrest. He was given conditional liberty in October 2005, provided he not leave the country. Calderon asked the Inter-American Commission of Human Rights (IACHR) to review his case in September 2005, alleging the allegations against him were politically motivated. An IACHR decision is still pending.

CALDERON WELCOMES COURT CASE, MULLS RUN FOR PRESIDENT

¶4. (U) In a newspaper interview, Calderon said he is happy to finally have the case brought to trial, confident that it would be able to clear his name and finally put the incident behind him. Calderon believes that if he is cleared, he could be a viable presidential candidate in 2010, stating to the media that "90 percent of the (PUSC) party leaders are

totally supportive of me." He has said in various interviews that he will not decide until 2009 whether or not to run for president.

COMMENT

15. (SBU) Calderon no doubt expects to be cleared of wrongdoing, assuming his case even passes the preliminary phase. Calderon,s is one of the two "Ex-Presidents" corruption scandals that exploded in late 2004 (the other is the case of then-OAS Secretary General Miguel Angel Rodriguez). The evidence against Rodriguez is considered much stronger, and both cases have been ready for prosecution since July 2006. Judicial bureaucracy appears to be the only reason authorities are leading with the weaker Calderon case.

Although a popular president, he faces an uphill battle to be re-elected. His PUSC party, once one of the two major political forces in the country, all but disappeared in the 2006 elections, winning only three percent of the vote. It has since regained some respect and support by consistently supporting the Arias administration,s coalition in the legislative assembly. The February 2007 CID/Gallup poll showed PUSC polling ahead of the opposition PAC party, 16 percent to 13 percent, but pollsters tell us PUSC support is broad but not deep. Calderon will have to overcome the 60 percent personal disapproval rating revealed in the same poll, in order to make a comeback, should he be cleared by the court. Costa Rica needs to get this languishing case behind it as much or more than Calderon, however, in order to demonstrate that the judicial system can act on corruption allegations, even up to the highest levels of government.
WEITZENKORN